



Environmental Services Division
Energy and Waste Management Bureau

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CRUDE OIL AND GASOLINE PRICES CONTINUE METEORIC RISE; ETHANOL-BLENDED GASOLINE CAPTURES RECORD MARKET SHARE

DES MOINES — According to the Iowa DNR's May 15, 2004 fuel price survey, gasoline prices are \$0.21 higher than one month ago, averaging \$1.96 for a gallon of self-serve, regular unleaded gasoline. This is the highest average since the survey began in 1980. Wholesale gasoline prices rose more than \$0.31 during the same time period. The sustained high prices are due to a number of factors, including high crude oil prices, stronger demand for gasoline, and worries about adequate summer gasoline inventories.

"The only certainty with gasoline prices is that they will continue to be volatile. Historical price guidance has fallen by the wayside, as new price records have been set nearly every day for the past week," said Jennifer Moehlmann, DNR energy analyst.

According to the May 15 survey, prices across the state ranged from \$1.70 to \$2.05 per gallon and are \$0.47 higher than this time last year. Currently, retail conventional unleaded gasoline prices in Iowa are \$0.02 lower than the national average of \$1.98 per gallon and \$0.01 lower than the regional average of \$1.99 per gallon.

The average price for regular unleaded gasoline blended with ethanol was \$1.94 per gallon. Ethanol-blended gasoline currently represents 68.3 percent of the market share, a new record-high monthly market share.

"Iowa motorists are increasingly choosing ethanol-blended gasoline at the pump, in part because it is usually one to four cents cheaper than regular gasoline," said Moehlmann.

To help consumers deal with higher prices, the Iowa DNR has placed tips and information on fuel savings and alternative fuels on its web site at www.iowdnr.com.

Crude oil finished trading on May 17 at \$41.53 per barrel, a record high and \$4.80 more than last month. One year ago, crude was \$28.83 per barrel. Crude oil prices have continued to increase because of trader concerns regarding levels of supply, strong global demand for oil, and fears about possible terrorist attacks on Mideast oil supply infrastructure. National crude oil inventory is 5.4 percent higher than the previous year, but at the lower limit of the normal range. The DNR expects crude oil prices to remain volatile while U.S. inventories are relatively low and global demand is strong.

The average price of self-serve diesel fuel on May 15 was \$1.75 up \$0.05 from last month and \$0.08 higher than the regional average of \$1.67 per gallon. Diesel fuel was \$1.47 per gallon one year ago.

Propane

The May 17 survey found the average retail price of propane was \$1.02 per gallon. This is \$0.01 higher than the previous month and 10 percent above the retail price of propane at this time last year (\$0.93 per gallon). Midwest propane inventories are nearly 52 percent higher than last year at this time and are within the five-year average.

Heating Oil Prices

The May 15 survey found the average retail price of No. 2 heating oil was \$1.34 per gallon. This is \$0.03 higher than last month and 23 percent above the price of heating oil at this time last year (\$1.09 per gallon). Midwest heating oil inventories are 4.4 percent lower than this time last year and are within the five-year average.

Natural Gas

Natural gas closed at \$6.42 per million Btu on May 17, \$0.52 higher than last month and 4 percent higher than one year ago. Although the winter season ended with higher natural gas inventory levels than last year, the DNR expects natural gas prices to remain volatile and trade in the same general direction as crude oil prices. Forecasts for warmer-than-usual temperatures over much of the nation this summer are also supporting higher natural gas prices.

MOTOR FUELS SURVEY

Self-Serve	April 15	May 15	Change
Regular Unleaded	1.75	1.96	+0.21
Regular Unleaded with Ethanol	1.73	1.94	+0.21
Premium Unleaded	1.86	2.04	+0.18
Diesel	1.70	1.75	+0.05
Full-Serve	April 15	May 15	Change
Regular Unleaded	1.88	2.07	+0.19
Regular Unleaded with Ethanol	1.89	2.07	+0.18
Premium Unleaded	1.99	2.23	+0.24
Diesel	1.73	1.83	+0.10

HEATING FUELS SURVEY

	April 15	May 17	Change
Propane	1.01	1.02	+0.01
#2 Heating Oil	1.31	1.34	+0.03
Natural Gas	5.90	6.42	+0.52

AVERAGE SELF-SERVE UNLEADED PRICES IN MAJOR CITIES

	April 15	May 15	Change
Ames	1.73	1.98	+0.25
Cedar Rapids	1.77	1.89	+0.12
Council Bluffs	1.75	1.95	+0.20
Davenport	1.69	1.94	+0.25
Des Moines	1.75	1.93	+0.18
Dubuque	1.76	1.99	+0.23
Fort Dodge	1.78	2.01	+0.23
Iowa City	1.76	2.00	+0.24
Sioux City	1.79	1.95	+0.16
Waterloo	1.69	1.92	+0.23

Webster City	1.81	2.05	+0.24
Average Metro Price	1.75	1.95	+0.20

AVERAGE SELF-SERVE UNLEADED PRICES IN RURAL IOWA

	April 15	May 15	Change
Northeast	1.72	1.95	+0.23
Northwest	1.77	1.97	+0.20
Southeast	1.72	1.96	+0.24
Southwest	1.76	1.95	+0.19
Rural Area Average	1.74	1.96	+0.22

WHOLESALE PRICES IN METROPOLITAN AREAS AROUND IOWA

Unleaded (cents per gallon)	April 8	May 13	Change
Des Moines	116.57	147.98	+31.41
Dubuque	117.44	149.09	+31.65
Diesel Fuel (cents per gallon)	April 8	May 13	Change
Des Moines	104.15	117.46	+13.31
Dubuque	105.11	118.21	+13.10